

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301
Indianapolis, IN 46204
(317) 233-0696
<http://www.in.gov/legislative>

FISCAL IMPACT STATEMENT

LS 6372

BILL NUMBER: SB 165

NOTE PREPARED: Dec 13, 2012

BILL AMENDED:

SUBJECT: Assessed Value Cap for Veteran's Deduction.

FIRST AUTHOR: Sen. Holdman

BILL STATUS: As Introduced

FIRST SPONSOR:

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: Local

Summary of Legislation: This bill eliminates the assessed value cap of \$143,160 that applies to the property tax deduction for a veteran who: (1) has a total disability; or (2) is at least 62 years of age and has at least a 10% disability.

Effective Date: July 1, 2013.

Explanation of State Expenditures:

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues: *Summary:* Beginning in CY 2014, this bill could result in an estimated additional 7,300 deductions for totally disabled veterans. The total amount of the deduction could increase by about \$91 M. The additional deduction amount would annually shift about \$2 M in taxes statewide from disabled veterans to all other taxpayers. Rate-controlled funds would lose revenue equal to the loss in net AV multiplied by the fund rate.

Background: Under current law, there are two property tax deductions available to disabled veterans. Some veterans may qualify for both deductions.

Veterans with wartime service and a service-connected disability of at least 10% or their surviving spouses are entitled to a property tax deduction of \$24,960 on their real or personal property. There are no qualifications on AV.

In addition, veterans or their surviving spouses are currently entitled to a property tax deduction of \$12,480 on their real or personal property if the veteran is either totally disabled or at least age 62 with a disability of 10% or more. The disability need not be service-connected nor does the service need to be wartime service. In order to qualify, the AV of the property must be less than \$143,160. This bill would remove the AV cap beginning with taxes payable in CY 2014.

For taxes payable in 2012 (2010 in LaPorte County), approximately 15,100 veterans received "totally disabled veteran" property tax deductions in the amount of \$161.4 M. A review of the assessed values of all single-family homestead residences shows that just under one-third of these homesteads have assessed values that are at or above \$143,160.

State Agencies Affected:

Local Agencies Affected: County auditors.

Information Sources: LSA Parcel-Level Property Tax Database.

Fiscal Analyst: Bob Sigalow, 317-232-9859.